

ALG Minutes Jan.30, 2012—final

Present: Bart Wendell, facilitator; Mike Gowing, Pam Harting-Barat, BoS; John Petersen, Xuan Kong, SC; Doug Tindal, Pat Clifford, FC; Steve Ledoux, Steve Mills, John Murray, Don Aicardi, staff. Audience: Janet Adachi, BoS; Mary Ann Ashton, Steve Noone, Clint Seward, FC; Bob Ingram, Allen Nitschelem, Charlie Kadlec, AVG.

Everyone complimented Don on the size 11X 17 of ALG sheet.

Minutes were accepted.

Review of FY13 plan

Don started on a listing of the changes from the last ALG session: the biggest is the change in the revenue numbers for the state House I (II). Don put in the exact numbers. He also added an OPEB sheet & the cherry sheet numbers appeared on pg.2

Bart asked if this was the time to start on the discussion of the assumptions—or what a consensus meant for the group as a whole

Pat C wanted to know if there had been any “guidance” on the levels of Acton’s Ch 70---the reduction in the number of students.

Ans. Don did not think there would be any dramatic change & went with the best numbers at this time.

Bart: There are three points where we need consensus: revenue assumptions; reserve use & expense allocation. Some people feel that consensus is the only way to go while others do not---we frequently view the alternatives as worse--meaning going to Town Meeting without a consensus. Bart polled the members

Mike: There is a difference of opinion but we should strive to present a united front;

John P: Not deeply concerned how we appear-we need a spirited debate it needs to be completely clear to every person in town the impacts on the school budget. But the schools cannot be an island---we have common ideas that are connected & we should go forward in concert;

Doug T consensus is preferable---that is the reason for the ALG to make decisions on what’s important. Our (FC) concern isn’t so much this year, but with the next few years. We think that it would not be wise to spend at this level and to ignore what’s happening [to the reserves] there is a lot at stake. If we sustain the spending at this level without new revenue sources, we’d be headed for a \$18 M shortfall which would be equivalent to a 20% increase in taxes;

Pam: we have the schools vs. town vs. fin com.---I do not want to go back to those days. We need to present a united front. We also have the problem of OPEB---no one understands it so it will be ignored or voted down;

Pat C. we may not feel the pain now but we will by the third night of Town Meeting when we are still squabbling; Xuan—I understand what Doug has said I think it is desirable to reach consensus but we see things differently and need to strike a balance. It is the service we need to supply. It is better to reach a consensus.;

Steve L: I have been to more Town Meetings than most and it is imperative to have a consensus---we do not want a food fight at Town meeting;

Steve M: I agree with what’s been said. I liked the straw man document from the last ALG. It is not my call on how Town Meeting spends money but I think we have an investment budget that is modest. I can see that the \$18M is to

fall off a cliff but I think the ALG sheet is conservative and we need to be a bit more optimistic---I think some of the numbers on the spreadsheet will get better.

Bart: so now we have a food fight---we have a range from being terrible to going into Town Meeting without a consensus and that it will be good to have the argument...this will make consensus more difficult. We have not discussed revenue assumptions, revenue use and expenditure---there is a penalty---the time line is getting closer. Do we need another meeting?

JP: last time the FC was the odd man out but the FC has presented the time line

Doug: The FC has a meeting on Feb 7th---where we will be able to comment. I'm not sure that the FC doesn't consider themselves as the odd man out. While we are not elected, we are nonetheless obliged to serve as advisors to the Town Meeting on the status of the town's finances. As such we must tell them what we think. The FC voted unanimously for the revenue use of \$1.5 M and we don't see any reason to change that recommendation. As for the coming years, we see upcoming deficits which would nearly exceed our maximum ability to raise revenue, so it makes sense that we would recommend that we have to be tough on expenses. We have to consider structural changes to head off what we see coming. If we see things that way, then we are obliged to say that at TM

Don: is the \$1.5 M inclusive of the \$200k?

Doug: things can be adjusted

Don: on the spreadsheet we have Ed Jobs that can only be spent on the schools---is that in the \$1.5M?

Pat C: we already have tax to the max, HIT under pricing by 4% on top of our \$1.5M on top of \$1M imbedded in revenue that's been left alone

Doug: Ed Jobs is a one-time event

JP: took exception with some of the numbers on the spread sheet noting that they were not what was in fact spent and that others, to him looked "incorrect"

JM: we appropriated \$3.2 M turned back & created free cash---netted @ \$41M therefore net use was \$100k---in the last couple of years we have turned back significant monies

Doug: that is a focus on one year---one time revenues for one year---the solution to the deficits is in reducing ongoing expenses.

Bart: \$3.1M difference for FY 11---does that translate into the differences for the future?

Pat C. Unfortunately we look at revenues in a rearview mirror---we cannot appropriate from turnbacks---we cannot recapture the money in the equation

Mike: Prop 2.5 puts us on a glide path ---the revenue will never be able to sustain operations that's why we need to go back to the voters for overrides

Doug: I agree but the glide path is far steeper than we realize

Xuan: FY 14 & 15 are projections---we need a better picture for the use of reserves for the next years. We have held back on school spending for the past three years. This is not a path the schools should take we have services we need to give to the kids.

Bart: What's next? Given the position of Doug?

JP: What matters is net use –budgets are a tool. I just think the summation of it is just not right

Bart: is the degree of error large enough....

JP: The Segal report projections for 2011/2010 in 2008 they said it would be \$1M and 2010 \$967k---in fact it went down \$200k that's a 20% error. The drivers are super important and that's compensation

Bart: does anyone else want to get involved?

Pam: the town has never faced anything like OPEB before---it needs to be addressed

Pat C. It seems to me we are \$1M apart---it seems an amount we can turn over to Steve & Steve to sort out. She suggested that the fin com would be willing to come off its maximum reserve use by \$200k provided that the town and schools agree to expense reductions which would eliminate the remainder of the shortfall.

Steve L: the straw man shows an HIT savings that can be used to reduce reserves or OPEB in FY 13---there is \$486K savings; @\$ 394k from AB---the \$800k could come from reserves

Bart asked how people wanted to proceed.

Some felt that the \$3M problem was reduced to \$800k, others felt that the savings from HIT could do the trick

However Doug stated that these were not solutions to the long-term budget problem which at its current rate of spending was not sustainable. He noted that it would be far less painful now if the problems were faced sooner than later---he asked for "real cuts" ---expense reductions in budgets that the FC feels are not sustainable for the future health of the town.

Xuan reiterated his statement that the budget cuts being asked would not allow the schools to deliver the services that were needed.

Mike noted that the managers—Steve & Steve should be given the chance to come to an agreement to find the cuts and come back

JP reiterated his position that the projections made in the former years were still being used in a plan even though these projections were shown to be off the mark.

Bart asked if there was agreement to have Steve L & Steve M look at the budgets& come back. He also added the \$200k for additional reserve use.

That additional money which Doug said could be in the table ONLY if there were cuts---not one-time expenses—in the budgets. There was a bit of discussion as to exactly how & when the FC would agree to the additional sum. Doug was adamant that there needed to be meaningful cuts.

It was agreed that another meeting was necessary. All would take the discussion back to their respective boards

Steve L would do an email poll of a suitable time.

Public:

Allen N asked for the exact obligations set out in the Segal report. He was not happy that none of the staff could give him a satisfactory answer.

Mr. Kadlec noted that the FY 11 reserve use was lower than shown in the spreadsheet& the 2nd half of the expenses were lower. He stated that it was his long –standing position that the actuals be added to the sheet

Adjourned 6:45

Ann Chang